



KHPA's Role in Supporting Physician Workforce Development

Physician Workforce and Accreditation Task Force

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Goals

- KHPA Objectives
- Medicaid Basics
- Medicaid GME Reimbursement
- Current Medicaid GME Spending
- Medicaid Regulatory Issues



Kansas Medicaid: Basics

- Kansas Medicaid provides coverage to about 300,000 Kansans
- Medical costs in Medicaid total about \$1.25 billion annually, including \$281 million in direct fee-for-service reimbursement for hospitals
- Kansas reimburses hospitals and physicians directly through its fee-for-service program, and indirectly through its managed care program, HealthWave.
- Reimbursement of hospitals and other providers within HealthWave is negotiated with the health plans, Children's Mercy-Family Health Partners, and UniCare Health Plan of Kansas
- Reimbursement of hospitals differs by class. Children's Mercy Hospital and University of Kansas hospital are each in payment classes of their own
- The Federal government funds approximately 60% of the costs of Medicaid



Kansas Medicaid: GME Reimbursement

- Kansas Medicaid reimburses Indirect Medical Education (IME) and Direct Graduate Medical Education (DGME)
- All GME is calculated as a percentage add-on to the base DRG rate
- Medicaid IME formula is equivalent to Medicare
- GME payments apply to fee-for-service and managed care payments
- Medicaid DGME is determined using cost report data, but is more restrictive than Medicare
- Medical education payments for KU Hospital are embedded within the payment mechanism (which is based on a flat percentage of charges)



Kansas Medicaid: Current GME Spending

2008 Medical Education Totals in Kansas Medicaid Caseload (Fee-For-Service Only)

Hospital Name	2008 GME Totals					
	Federal & State Share Totals	Federal Share	State Share	Total External Funding	DGME add-on	IME add-on
Geary Community Hospital	20,287	12,056	8,230	20,287	0.00389	0.00424
Mitchell County	44	26	18	44	NA	NA
Providence Medical Center (6/30/06)	3,448	2,049	1,399	3,448	0.00255	0.01169
Minneola District Hospital	0	0	0	0	NA	NA
Salina Regional Health Center	176,769	105,054	71,715	176,769	0.00540	0.02169
Shawnee Mission Medical Center	30,106	17,892	12,214	30,106	0.00039	0.00401
St Catherine	33,315	19,799	13,516	33,315	0.00119	0.00597
St Francis Hospital	27,404	16,286	11,118	27,404	0.00042	0.00310
Stormont Vail Hospital	37,226	22,123	15,102	37,226	0.00031	0.00168
Via Christi-Regional Med	4,593,864	2,730,133	Cert. Match	2,730,133	0.02618	0.02867
Wesley	4,043,348	2,402,962	Cert. Match	2,402,962	0.03902	0.11267
Via Christi Riverside (Closed)					NA	NA
TOTAL	8,965,810	5,328,381	133,312	5,461,693		

Note: Medicaid GME add-on payments made by HealthWave managed care organizations (Children's Mercy-Family Health Partners and UniCare) are not included. GME payments to KU Hospital are embedded in the base rate and are not paid as an add-on.



Uncertain Federal Support for GME

- CMS indicated in the May 23, 2007 Federal Register (proposed rule) that there is no express statutory authority for Medicaid to pay DGME
- Proposed rule would effectively end Medicaid DGME payments
- States could continue to pay Medicaid IME per the Medicare formula
- Rule is under a Congressional moratorium until April 1, 2009
- Loss in Federal funds estimated at \$9.8 billion nationally over a five year period

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